

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 3, 2019

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00050

For the determination of the fair rate of return on
common equity pursuant to § 56-585.1:1 C
of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On March 29, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for the determination of the fair rate of return on common equity ("ROE") to be applied to its rate adjustment clauses pursuant to § 56-585.1:1 of the Code of Virginia ("Code") and to measure earnings in the first triennial review proceeding in 2021 under Code § 56-585.1:1 A. Enacted in 2015, Code § 56-585.1:1 requires that:

Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase II Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase II Utility's filing in such proceedings shall be made on or before March 31 of 2017 and 2019.¹

In addition, pursuant to Code § 56-585.1:1, the ROE approved in this proceeding will be used in the Company's triennial review proceeding commencing in 2021 to review Dominion's earnings

¹ Code § 56-585.1:1 C 2. Dominion is a Phase II Utility. See Code § 56-585.1.

on its rates for generation and distribution services for the successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020.²

The Company requests that the Commission approve an ROE of 10.75% for Dominion's rate adjustment clauses approved under Subdivisions A 5 and A 6 of § 56-585.1 of the Code ("Subdivisions A 5 and A 6"), to be applied prospectively, effective with the date of the Commission's final order in this proceeding, and to measure earnings in the 2021 triennial review proceeding.³ Dominion currently has a total of nine such rate adjustment clauses,⁴ and applications for two new rate adjustment clauses under Subdivisions A 5 and A 6 are pending Commission approval.⁵ Dominion asserts, among other things, that 10.75% represents the return required to invest in a company with a risk profile comparable to the Company.⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding

² Code §§ 56-585.1:1 A and C 3.

³ Application at 4.

⁴ Dominion's rate adjustment clauses, and subsequent revisions thereto, approved under these statutes include Riders B, BW, C1A/C2A, GV, R, S, U, US-2, and W.

⁵ These pending applications are for proposed Riders E and US-3. *See Petition of Virginia Electric and Power Company, For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia*, Case No. PUR-2018-00195, filed December 14, 2018; and *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, filed July 24, 2018.

⁶ Application at 5.

as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We find that a Hearing Examiner should be appointed to rule on all discovery matters that arise during the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00050.

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁷ a Hearing Examiner hereby is appointed to rule on any discovery issues that may arise during the course of this proceeding.

(3) A public hearing on the Application shall be convened on September 10, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and evidence offered by the Company, respondents, and the Staff on the Company's Application. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(4) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for Dominion, Lisa S. Booth, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the

⁷ 5 VAC 5-20-10 *et seq.*

requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(5) On or before May 10, 2019, the Company shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA ELECTRIC AND POWER COMPANY
FOR THE DETERMINATION OF THE
FAIR RATE OF RETURN ON COMMON EQUITY
PURSUANT TO § 56-585.1:1 C OF THE CODE OF VIRGINIA
CASE NO. PUR-2019-00050

On March 29, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for the determination of the fair rate of return on common equity ("ROE") to be applied to its rate adjustment clauses pursuant to § 56-585.1:1 of the Code of Virginia ("Code") and to measure earnings in the first triennial review proceeding in 2021 under Code § 56-585.1:1 A. Enacted in 2015, Code § 56-585.1:1 requires that:

Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase II Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase II Utility's filing in such proceedings shall be made on or before March 31 of 2017 and 2019.

In addition, the ROE approved in this proceeding will be used in the Company's triennial review proceeding commencing in 2021 to review Dominion's earnings on its rates for generation and distribution services for the successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020.

The Company requests that the Commission approve an ROE of 10.75% for Dominion's rate adjustment clauses approved under Subdivisions A 5 and A 6 of § 56-585.1 of the Code ("Subdivisions A 5 and A 6"), to be applied prospectively, effective with the date of the Commission's final order in this proceeding. Dominion currently has a total of nine such rate adjustment clauses, and applications for two new rate adjustment clauses under Subdivisions A 5 and A 6 are pending Commission approval.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on September 10, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The Company's Application and the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company: Lisa S. Booth, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of all documents filed in this case also are available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any person or entity may participate as a respondent in this proceeding by filing, on or before June 14, 2019, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2019-00050. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before July 12, 2019, each respondent may file with the Clerk of the Commission, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. Respondents also shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2019-00050.

On or before September 3, 2019, any interested person wishing to comment on the Company's Application shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Application. Any interested person desiring to file comments electronically may do so on or before September 3, 2019, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2019-00050.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements

of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at: <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before May 10, 2019, the Company shall serve a copy of this Order for Notice and Hearing on the following officials, to the extent the position exists, in each county, city, and town in which Dominion provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.⁸

(7) On or before May 31, 2019, the Company shall file proof of the notice and service required by Ordering Paragraphs (5) and (6) herein, including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(8) On or before September 3, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on

⁸ Service also may be made electronically if a locality has submitted a written request to the Company for electronic service, pursuant to the Commission's April 19, 2016 Order in Case No. PUE-2016-00039. *See Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC-5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request*, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).

or before September 3, 2019, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2019-00050.

(9) Any person or entity may participate as a respondent in this proceeding by filing, on or before June 14, 2019, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (7), and the respondent shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (4). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00050.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

(11) On or before July 12, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7), and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects

to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including: Rule 5 VAC 5-20-140, *Filing and service*; and Rule 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2019-00050.

(12) The Staff shall investigate the Application. On or before August 2, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(13) On or before August 16, 2019, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (7).

(14) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(15) Responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of Rule 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk

of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.⁹ Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Lisa S. Booth, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Joseph K. Reid, III, Esquire, Elaine S. Ryan, Esquire, and Jontille D. Ray, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, Floor 8, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

⁹ The assigned Staff attorney is identified on the Commission website: <http://www.scc.virginia.gov/case> by clicking "Docket Search," then "Search Cases" and entering the case number, PUR-2019-00050, in the appropriate box.